

PRESS RELEASE

## Software AG reports significant increase in revenue and earnings - confirms forecast for the year

- Operating revenue grew by 48% at constant currency rates
- Operating licensing revenue rose by 62%
- EBIT up by 27%
- Integration of webMethods proceeding according to plan
- Outlook for fiscal 2007 confirmed

**DARMSTADT, GERMANY, 26-10-2007:** Software AG (Frankfurt TecDAX: SOW) continued to improve its revenue and earnings significantly in the third quarter of 2007. Its revenue amounted to €157.8 million (2006: €113.8 million); operating revenue grew by 48% on a currency-adjusted basis. Licensing revenue rose by 62% to €57.8 million (2006: €37.0 million). EBIT rose to €32.4 million (2006: €25.6 million), an increase of 27%. Software AG raised its net income for the third quarter from €17.1 million in 2006 to €19.2 million in 2007. In 2008 the company plans to raise its operating revenue by 22% to 25% net of currency effects and its EBIT margin to circa 23%.

### Over 250 deals closed in the third quarter

Software AG continued to significantly expand its business volumes in the third quarter of 2007, as demonstrated by the financial results. Demand for its products and services during this period were not impaired by the mortgage crisis in the United States. The Enterprise Transaction Systems (ETS) business division accounted for 55% of total revenue, and the webMethods division generated 45%. The level of revenue earned by the webMethods business line was particularly encouraging: its currency-adjusted operating revenue grew by 161% year on year as a result of acquisitions, while its licensing revenue rose by 176%. Karl-Heinz Streibich, CEO of Software AG, explained: "Our leadership of the market for data management and integration software is now becoming evident. In the third quarter we closed over 250 deals, achieving an encouraging increase in our revenue. The acquisition of the US company webMethods made a valuable contribution to this result." CFO Arnd Zinnhardt added: "We continued to enhance our profitability in the third quarter. One of the main reasons for this is that we are making good progress in generating cost synergies. We therefore still expect to achieve cost savings of US \$15 million in 2007."

### The first major deal due to "The Power of Two"

The integration of the US company webMethods, which was acquired on May 25 this year, is proceeding according to plan. The sales functions for the EMEA (Europe, Middle East, Africa) and APAC (Asia, Pacific) regions were merged in the third quarter, and the service functions (Professional Services) were also integrated. In addition, Software AG started to consolidate its R&D departments as planned. The first major joint sales success since the acquisition of

Software AG confirms forecast for the year; significant increase in revenue and earnings

webMethods was reported in the third quarter. Thanks to "The Power of Two", Software AG signed a seven-digit euro licensing agreement in the financial services and insurance sector. Software AG and webMethods had previously been unable to close this deal as two separate entities. This further underpins Software AG's acquisition strategy. This transaction was also recognized by the financial markets when Software AG's acquisition of webMethods was named "Best Cross-Border Deal 2007" in September of this year.

### Further significant expansion of business planned for 2008

Software AG has confirmed its forecast for 2007, which it raised following the acquisition of webMethods. It expects its currency-adjusted operating revenue for 2007 to increase by between 30% and 35% compared with 2006, while its licensing revenue is projected to rise by between 45% and 50%. Earnings-per-share is forecast to rise to between €3.10 and €3.25 due to the first positive effects of the webMethods acquisition. In 2008 the company plans to raise its operating revenue by 22% to 25% net of currency effects and its EBIT margin to circa 23%.

€ million	Q3 2007	Q3 2006	Change	Currency-adjusted	Guidance for 2007	Guidance for 2008
					<b>Unchanged</b>	<b>New</b>
Revenue (IFRS)	157.8	113.8	39%	44%	-	
Revenue (operating)	162.4	113.8	43%	48%	up 30-35%	22-25%
Licensing revenue (operating)	57.8	37.0	56%	62%	45-50%	
webMethods revenue (operating)	73.9	29.6	150%	161%	120-130%	
ETS revenue (operating)	88.5	84.2	5%	8%	8-10%	
EBITA	35.3	25.6	38%	-	-	
EBIT	32.4	25.6	27%	-		
EBIT margin	20.5%	22.5%			22%	ca. 23%
Net income	19.2	17.1	12%	-	-	
Earnings per share	0.67	0.61	10%	-	3.10-3.25	

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Software AG's 4,000 global customers achieve measurable business results by modernizing and automating their IT systems and rapidly building new systems to meet growing business demands. The company's industry-leading product portfolio includes best-in-class solutions for managing data, enabling service oriented architecture, and improving business processes. By combining proven technology with industry expertise and best practices, our customers improve and differentiate their businesses - faster.

Software AG has more than 37 years of global IT experience and over 3,800 employees serving customers in 70 countries. The company is headquartered in Germany and listed on the Frankfurt Stock Exchange (TecDAX, ISIN DE 0003304002 / SOW). Software AG posted total revenues of €483 million in 2006.

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